

MINUTES

BOARD OF TRUSTEES
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 500
Indianapolis, IN 46204

October 22 & 23, 1999

TRUSTEES PRESENT

Richard Doermer, Chair
Nancy Turner, Vice Chair
Dr. Teresa Ghilarducci
Steven Miller
Jonathan Birge

OTHERS PRESENT

Steffanie Rhinesmith, Indiana Development Finance Authority
Mary Beth Braitman, Ice Miller Donadio & Ryan
Kris Ford, Wm. M. Mercer Investment Consulting
Pete Keliuotis, Wm. M. Mercer Investment Consulting
Nancy Williams, Wm. M. Mercer Investment Consulting
Chris Levell, Wm. M. Mercer Investment Consulting
Louis Finney, Wm. M. Mercer Investment Consulting
Gail Geurin, Hamilton Lane Advisors
Terry Ahern, The Townsend Group Institutional Real Estate Consultants
Richard Boggs, Burnley Associates
E. William Butler, PERF Executive Director
Mark Webb, PERF Deputy Director & General Counsel

1. Strategic Planning

The Board spent the first half of October 22 reviewing and discussing the importance of strategic planning to the Board and the Fund. Nancy Williams of the Mercer Company led the exercise. There was a great deal of discussion about the utility of such a plan for the Fund and how the Board would approach the task of developing it. In the final analysis, the Board recognized the value of the strategic planning process and came to the collective feeling that they should move forward in this area and begin the development of a strategic plan.

It was decided that the Board would hold another session with Ms. Williams at the regularly scheduled December Board meeting. Tentatively, the Board will work on strategic planning from 8:30 a.m.

through lunch on Thursday, December 9, and will follow the same “Board Only” format used in October. The regular meeting will begin at 1:00 p.m.

2. Asset-Liability Management Study

Chris Levell and Louis Finney of Mercer took the Board through some issues pertaining to the study and discussed other concerns of the Board members. The Board made some decisions on interest rates to be used in the study but owing to insufficient time was forced to leave other decisions for the December meeting.

3. Asset Class Review

Again, because of a lack of time, the Board was able to review only two of the four asset classes that had been scheduled. Gail Geurin of Hamilton Lane Advisors gave a brief overview of private equity as an asset class. Much of the interest on the Board’s part centered on the fee and profit participation aspects of private equity investments. Gail promised to send further material to assist in this question. Terry Ahern of The Townsend Group Institutional Real Estate Consultants talked about the real estate class giving a short history of the performance of the class and covering both the securitized and direct equity forms of ownership.

The remaining classes, equities and fixed income, will be discussed at the December Board meeting.

4. Investment Committee Recommendations for Fixed Income Managers

The Board received recommendations from the Investment Committee of Fixed Income Managers, recommended as the result of the BAA process begun last May. The recommendations were approved unanimously by the Board. They are:

Passive

Lincoln Capital Management
Northern Trust Quantitative Advisors

Core

Black Rock
Conseco Capital Management
Reams Asset Management Company
Western Asset Management

Minority and Women Owned

Hughes Capital Management
Seix Investment Advisors
Taplin, Canida & Habacht
Utendahl Capital Management